

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

SB-683

AN ACT CONCERNING HOSPITAL BILLING AND COLLECTION
EFFORTS BY HOSPITALS AND COLLECTION AGENCIES.

AMENDMENT

LCO No.: 7888

File Copy No.: 447

Senate Calendar No.: 279

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
UConn Health Ctr.	Various - Revenue Loss	See Below	See Below

Note: Various=Various

Municipal Impact: None

Explanation

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment, which affects collections for hospitals and entities affiliated with them among other aspects, is anticipated to result in a loss of net patient revenue to the UConn Health Center, beginning in FY 22. As the relevant sections of the amendment are effective beginning October 1, 2021, the FY 22 revenue loss is anticipated to be three-quarters of the annual revenue loss. The amount of the annual revenue loss is uncertain for the reasons described below.

Section 1 extends an existing limitation on hospital collections from uninsured patients to include entities affiliated with a hospital, such as UConn Health's University Medical Group (UMG). Currently, UConn

Primary Analyst: JS
Contributing Analyst(s):

5/14/21
()

Health's affiliated entities provide uninsured patients or other self-pay patients with a 40 percent discount. Therefore, the extent of revenue loss from this provision, if any, depends on the difference between the current discounted price and the limit, which is the cost of providing the health care. Among all Connecticut residents, approximately six percent are uninsured, according to the Kaiser Family Foundation.¹

Section 2 makes several changes specific to hospital and affiliated entity bills that have been unpaid and sent to collections. One such change prohibits the reporting of any patient with an unpaid bill, to a credit rating agency, before a year has passed since the patient first received a bill. Currently, UConn Health and its entities send unpaid bills to a collection agency for assistance between approximately 70 days and several months. UConn Health reports that FY 19 annual revenues from such collections were approximately \$1 million, and that the likelihood of receiving payment declines as time passes. To the extent that sending unpaid patient bills to collections cannot be de-coupled from reporting these patients to a credit rating agency, and consequently more time must pass before bills are sent to collections, then UConn Health will experience a revenue loss of less than \$1 million annually.

The amendment's other billing and collections changes are not anticipated to have a fiscal impact to UConn Health, as they either reflect current practice or can be accomplished with existing resources.

Section 5, which requires the Office of Health Strategy to conduct a study regarding mergers and acquisitions of physician practices, results in no fiscal impact as the office has the staff expertise to handle this requirement.

The Out Years

¹ "Health Insurance Coverage of the Total Population, 2019," Kaiser Family Foundation. Accessed April 13, 2021 at: <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

The annualized ongoing fiscal impact identified above would continue into the future subject to health care cost inflation, unpaid bill volume, and changes in UConn Health's patient mix, in terms of uninsured patients.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.